included in Annexure 2 "Projects in U.P. accorded techno-economic clearance by the C.E.A. but awaiting other sanctions." These sanctions relate to investments approval to be given by the Government of India.

श्री आनन्द प्रकाश गौतम: सभापति महोदय, बिजली की मांग दिन प्रतिदिन बढ़ती जा रही है। आपने उत्तर प्रदेश में जो योजनाएं अभी आर्थिक दृष्टि से स्वीकार की हैं उनको अनेक्शचर-ए में दिया है। और उसमें यह भी कहा गया है—एक है 10 नंबर पर कि जो योजना श्रीनगर, पौड़ी गढ़वाल की है, उसमें स्पष्ट लिखा है कि इसके लिये 93 और 94 में कोई भी धन आवंटित इस संबंध में नहीं किया गया और आगे लिखा है कि परियोजना के कार्य की प्रगति निधियों के अभाव के कारण आठवीं योजना में भी पूरी नहीं की जा सकेगी। महोदय, मैं माननीय मंत्री जी से जानना चाहता हूं कि जब 93-94 में इसकी आर्थिक स्वीकृति मौजूद थी तो इसके लिये धन क्यों नहीं उपलब्ध कराया गया? साथ ही यह भी बताने की कृपा करें कि जब आठवीं योजना में भी इसके पूरा होने की संभावना नहीं है तो जिस क्षमता से यह बनाया जा रहा है तो यह उस क्षमता को देखते हुए जब नौवीं और दसवीं योजना में यह पूरी होगी तो क्या उसकी आवश्यकता की पूर्ति करने के लिये इस क्षमता से वह असक्षम नहीं होगी?

SHRI P. V. RANGAYYA NAIDU: In regard to the projects mentioned in Annexure II, it is very clearly mentioned in column 4 that the likely target date for commissioning is 'Ninth Plan and beyond Therefore, there is no question of completing these projects in the Eighth Five-Year Plan. That is why no allocation has been made during 1993-94. These projects are yet to be taken up and, therefore, the question of allocation of funds in the Eighth Five-Year Plan, or expenditure in the Eighth Five-Year Plan, does not arise.

Improvement of Stock Market

*82. SHRI MENTAY PADMANABHAM: Will the Minister of FINANCE be pleased to state:

(a) whether Government are adequately equipped to assess artificial improvement of market sentiment in our stock market due to the available liquidity with Foreign Institutional Investors (FIIs);

(b) if so, the details of the system by which Government notes buoyancy in the market and the reasons therefore; and

(c) the steps taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (c) A Statement is laid on the Table of the House.

Statement

(a) and (b) Government as well as the Securities and exchange Board of India (SEBI) have been continually monitoring and assessing the various stock price indices and trends in the stock market. The improvement of market sentiment in the recent past is a consequence of several factors which operate with differing intensity at different moments of time. These factors include the substantial purchases of shares by Foreign Institutional Investors (FIIs), investments in the stock markets by new mutual funds and new schemes of existing mutual funds, a shortage of scrips because of the resort to GDR issues by Indian companies and the delay in effecting public sector disinvestment expectations of investors relating to improvements in the overall economic environment, general improvement in the performance of the corporate sector as reflected in unaudited half-yearly financial results, as well as an element of speculation of varying intensity which characterises most stock markets in the world.

(c) The custodians for the FIIs are required to send details of the transactions entered into by the FIIs on a daily basis to SEBI. The total inflow as of 24.2.94 amount to Rs. 4139 crores. (US $ 1.335 Billion) Thus the amount of purchases and sales by FIIs can be computed and the flow of funds

monitored. Besides, apart from the general investor protection measures taken by SEBI over the last several months, FIIs are also being permitted to buy only for delivery.

SHRI MENTAY PADMANABHAM: Sir, may I ask my supplementary? This question is-coming up just a day after the presentation of the Budget. I hate to bother the Finance Minister afer such a tiring exercise as the presentation of the Budget.

MR. CHAIRMAN: He is invigorated.

SHRI MENTAY PADMANABHAM. Sir, this is a very important issue affecting everybody. Of late, since November, 1993, there is an unusual activity in the stock market. The Sensex Index has gone up to 4,000 odd points and, according to the predictions of market-watchers, it may even go beyond 4,500 points.

Here, I would 1 like to remind the House that a similar trend appeared during 1992, in the early part of 1992, which, ultimately, resulted in the scam, the greatest scam, the greatest financial fraud, which the country ever witnessed. Therefore, everybody is very much critical, everybody is very much afraid, of this artificial boom in the stock market.

One of the reasons for this unusual activity in the stock market is said to be the increased inflow of money from the foreign institutional investors. As per the answer given by the hon. Minister, up to 24.4.94, the investment by the foreign institutional investors is Rs. 4,139 crores (US $ 1.335 billion). The main thrust of my question was whether the Government had any mechanism to assess this investment on a daily basis, on a day-to-day basis. The answer given by the hon. Minister is that the custodians arc monitoring and the S.E.B.I. is also monitoring. Except this statement, there is no .....

MR. CHAIRMAN: Please conclude. Please sum up your question and conclude.

SHRI MENTAY PADMANABHAM: I am coming to my question. I would like to know from the hon. Minister whether there is any permanent agency or mechanism, institutional mechanism, within the Finance Ministry to monitor it on a daily basis, particularly, the foreign investment in the stock market.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Sir, SEBI is the agency charged with the responsibility of supervising the functioning of stock markets. SEBI gets a daily report from the custodians of the foreign institutional investors about their purchases and sales, and this information is available to the Government. We in the Government are also monitoring this information on a day-to-day basis.

SHRI MENTAY PADMANABHAM: Sir, these foreign institutional investors are, according to SEBI rules, required to register themselves with SEBI before they make any investment in the stock market. I would like to know from the hon. Finance Minister how many foreign companies or foreign agencies have registered themselves with the SEBI so far. The amount at present is only about $ 1.3 billion. Is the Government thinking in terms of putting any optimum limit on investment by foreign investment companies? For example, in Taiwan the optimum limit is only 10 per cent. Even in some advanced countries the optimum limit does not cross 10 to 15 per cent. Is the Government thinking in terms of fixing any optimum limit on foreign investment?

SHRI MANMOHAN SINGH: Sir, the information that I have is that till the 24th of February 1994, 145 institutional investors had registered themselves with the Securities and Exchange Board of India. As far as the limits are concerned, there are already limits that no single foreign institutional investor—and these are corporate entities—can invest in any company, more than five per cent of the issued capital and, all foreign institutional investors taken together, cannot invest

more than 24 per cent of the total issued capital. So there is, I think, no danger that foreign institutional investors are going to control any of our companies.

SHRI S. JAIPAL REDDY: Mr. Chairman, Sir, you may have noted that the total investment by foreign institutional investors is only of the order of Rs. 4,000 crores. The question, therefore, is, whether the unprecedented boom in the stock market that we are witnessing today is warranted by such small investment. Apparently, in my view, it is not. If it is, I would like the Finance Minister to explain it. Part (b) of my question is this: There is no level playing between the Indian investor and the foreign investor. The capital gains tax for the foreign investor is only 10 per cent while it is 20 per cent for the Indian investor. Will the Finance Minister, therefore, be obliged to raise the capital gains tax for the foreign institutional investor as well?

SHRI MANMOHAN SINGH: Sir, I have got into trouble answering this question earlier in Parliament. Therefore, I have to be cautious this time. I am not going to say that the foreign institutional investors bringing in over Rs 4,000 crores is the only reason why prices "are rising. There are several other factors at work. From November onwards, the rough calculations that I have received tell me, our own Mutual Funds have a sum of about Rs. 1,500 crores and they have been wanting to invest it in the market. Whereas the demand has increased on both these accounts on the supply side there have been certain factors, that is, supply of scrips is becoming rather scarce. First of all, in the past, mostly Indian companies, when they needed capital, they used to go to the Indian market. In the last one year many of our Indian companies, because of our improved credit rating, have been able to raise money abroad at a much lower cost than would be the case if they would raise money domestically. Therefore, to the extent they go abroad rather than issuing scrips in the domestic market, it has affected the amount of scrips available in the domestic market. That is one factor on the supply side.

The second factor is that we have planned in this year's budget, disinvestment of public sector equity to the extent of roughly Rs. 3,500 crores. We have not been able to complete that process. We hope to complete it. Even then, the amount that we expect to realise under the current conditions, will not be as high. So, that is the second factor which has affected the availability of scrips in the market. These are some of the factors.

But I would like to mention to this House that in financial markets all over the world in the initial processes of liberalisation there have been sharp increase. As far as we are concerned, Government is watching and monitoring the situation. The SEBI is doing it, and we shall remain alert in this matter.

SHRI S. JAIPAL REDDY: Sir, the Finance Minister has not answered the other question about the Capital Gains Tax.

I am aware that he was quizzed last night on the TV from the other side, but today I am doing it from this side.

SHRI MANMOHAN SINGH: Sir, the capital gains question is a complicated one. All over the world, I think, you have a situation in which foreign institutional investors get some favourable treatment or the other. This is an accepted practice. In fact, there are many countries which-do not levy any Capital Gains Tax on foreign institutional investors.

SHRI S. JAIPAL REDDY: Are you comparing with Taiwan?

श्रीमती सरला माहेश्वरी: माननीय सभापति महोदय, मैं आपके माध्यम से माननीय वित्त मंत्री महोदय की प्रतिक्रिया जानना चाहूंगी कि पिछले ही सप्ताह सेबी के सीनियर एग्जीक्युटिव श्री एच०बी० पाण्डया ने कलकत्ता में एक मीटिंग को संबोधित करते हुए कहा था कि हमारी कम्पनियां जो पब्लिक इश्यु जारी कर रही हैं और पब्लिक इश्यु जारी करके जो धन इक्ट्ठा कर रही है उस धन का 90 प्रतिशत इस्तेमाल उनके द्वारा घोषित उद्देश्यों के अनुरूप नहीं हो रहा है। श्री पाण्डया ने कहा कि मैं इस धांधली को अपनी आंखों के सामने होते हुए देख रहा हूं लेकिन इसके बावजूद भी इस धांधली को रोकने में खुद को असमर्थ पा रहा हूं। उन्होंने यह भी कहा कि इससे लगता है कि एक दूसरे शेयर घोटाले की तैयारी हो रही है। मैं आपके माध्यम से माननीय वित्त मंत्री जी से यह जानना चाहती हूं कि क्या श्री एच०बी० पाण्डया के इस बयान की ओर उनका ध्यान गया है, अगर गया है तो चूंकि श्री एच०बी० पाण्डया अपनी असमर्थता ज़ाहिर कर रहे हैं क्या हमारी सरकार और वित्त मंत्री महोदय भी अपने आप को असमर्थ पा रहे हैं, कहीं ऐसा न हो कि हम पुराने इतिहास को पुनः दोहराएं। मैं यह जानना चाहती हूं कि इस दिशा में आप क्या कर रहे हैं? यह भी बताएं कि किस तरह से आप सेबी को ज्यादा सशक्त करेंगे? यह जो धांधलियां हो रही हैं, इनको रोकने के लिए आप क्या उपाय कर रहे हैं?

SHRI MANMOHAN SINGH: Sir, I am sorry to say that I am not familiar with this particular statement of the particular official of the Securities and Exchange Board of India. I will get the facts and inform the hon. Member accordingly.

SHRIMATI SARALA MAHESHWARI: Are you aware of it or not?

SHRI MANMOHAN SINGH: I have said that I have not seen that statement.... *(Interruptions)*

MR. CHAIRMAN. There is no point in pressing it. He has already said it.

SHRI JAGESH DESAI: Mr. Chairman, Sir, one of the reasons for this boom in the share market was that carry-forward was allowed. The SEBI has wisely decided that in credit it will not be allowed. I compliment the SEBI in this regard.

Regarding foreign investors, the word used is "investors". Are they really investors'? Or arc they trading in shares? If they are really investors, then, they should not be allowed to sell the shares within a particular time. If they are really investors, they will be liable to Capital Gains Tax and not income-tax. I am happy that the Government has decided that they would be allowed only to purchase shares on delivery. That is a right step. But they may purchase them today, take their delivery and sell them the next day. They have huge financial resources. They can determine the prices of shares as they like becuase they have got huge resources. So, I would like to know from the Minister whether the Government would take some decision to see that they are not allowed to sell the shares within a period of two years or some other period so that they cannot play with the market_____

SHRI MENTAY PADMANABHAM: They will not be allowed to manipulate the stock market.

SHRI JAGESH DESAI: I am not saying that they are manipulating. If they are real investors and are not trading in shares, then, they should be given sortie time-limit to sell their shares. I would like to know whether the Government would consider this suggestion.

SHRI MANMOHAN SINGH: Mr. Chairman, Sir, it is my honest opinion that it is not necessary to go through the route through which the hon. Member would like me to go. There are already built-in safeguards in the present system because if they sell within one year they have to pay capital gain tax which is as high as 30 per cent. Therefore, I do not feel it is necessary to impose any other restriction.

SHRI TRILOKI NATH CHATURVEDI: Mr Chairman, Sir, the past experience shows and this was borne out also in the evidence given before the Joint Parliamentary Committee that many legal provisions, many financial arrangements and institutions have been abused and misused while trading to attract foreign investment. Though a reference has been made that these institutions would be required to register themselves with the SEBI and also certain clearances have to be sought under FERA and from the Reserve Bank of India, I would like to know from the hon. Finance Minister whether he is satisfied with this safeguards or whether some further precautions are necessary to see that laundering of Indian money in the form of black money or laundering of *havala* money is not resorted to by this kind of spuriously set up foreign investment institutions'. What is the method being followed by his Ministry to find out the genuineness of the institutions?

SHRI MANMOHAN SINGH: Mr. Chairman, Sir, the SEBI is charged with the responsibility of scrutinising all people who want to register with them for purposes of investment as foreign institutional investors. All relevant aspects, the past of that investor, its present reputation and any adverse thing that might have come to the notice of other countries, are taken into account by the SEBI.

As far as I am concerned, my own feeling is that the system was started only recently. So far it has not come to my notice that the system is not working well.

MR. CHAIRMAN: Q.No. 83

Telephone Facilities in the Post Offices in Rajasthan

*83. SHRI RAJENDRA PRASAD MODY: Will the Minister of COMMUNICATIONS be pleased to state:

(a) the number of post offices/sub-post offices in Rajasthan without Public telephone facility;

(b) the details of steps being taken to provide this facility in all post offices/sub-post offices; and

(e) if no steps are being taken, the reasons therefor?

THE MINISTER OF STATE OF THE MINISTRY OF COMMUNICATIONS (SHRI SUKH RAM): (a) to (c) A statement is laid on the Table of the House.

Statement

As on 31-12-1993 there were 8369 post offices including sub post offices in Rajasthan without PCO facilities. There is no seperate programme to provide telephone facility in all post offices.

Government have, however, planned to provide Public Telephone facility in all the Panchayat Villages in the country progressively by 31.3.95, subject to availability of resources. These public telephones are to be located at Panchayat headquarters, Grocer's shops, post offices or other suitable places easily accessible to the public.

SHRI RAJENDRA PRASAD MODY: Mr Chairman, Sir, Ministry after Ministry comes with a standard reply "subject to the availability of resources, it will be taken up." It seems they are